



Planning for Contract Management

One important consideration often overlooked as part of the procurement process is contract management – namely how the contract will be managed and who will be responsible for managing it.

When starting any procurement process it is essential to consider all of the contract requirements, including the contract management requirements. Incorporating contract management requirements in a well-defined scope will provide clarity to respondents about the agency's requirements and expectations around how it intends to manage and monitor its contract. It will also help with supplier performance management.

Unfortunately, there is not a 'one size fits all' approach to determining the contract management requirements as these will vary depending on the risk, value, term, scope, complexity and/or strategic nature of the contract. Some important questions to consider during the procurement planning phase to help identify contract management requirements include:

Who will manage the contract?

Identifying who has the appropriate knowledge, skills, experience and time to undertake the contract management responsibilities is an important step in determining who will manage the contract. Consideration needs to be given to whether the contract will require an individual or a team to manage it. Where a team is required, the roles and responsibilities for each team member will need to be defined and communicated to relevant stakeholders.

While the formal contract management role may not start until after a contract is in place, contract managers can play a key role in the procurement planning phase (particularly if they manage the existing contract). It is beneficial to identify and involve the contract manager as early as possible in the procurement process as this allows input and familiarisation with the requirements.

Are there any contract management lessons to be learnt?

Is documentation available from reviews of the previous/current contract that can help identify improvements for the new procurement? Consider what worked well, what didn't work, if clarifications or variations were required, if anything was missing,

what risks were identified, what data/reports/meetings were required, and how performance was monitored and measured. Consider what would improve the management of the new contract. If there isn't a previous contract, are there lessons that could be learnt from similar contracts within the agency or from another agency or jurisdiction?

Have the contract management risks been considered?

Give consideration to identifying the problems that may occur during the management phase of the contract as well as the strategies that may be used to manage those problems. This should be done as part of the initial risk assessment; however, risk identification and management should continue throughout the entire life of the contract. It is also important to involve the right people in the risk assessment process (e.g. legal, risk, technical, OSH, procurement, HR, contract manager) to ensure potential risks associated with the procurement are addressed. For more information on conducting a risk assessment please refer to the Risk Workbook template on the [Department of Finance website](#).

How will the contract and contractor performance be measured and monitored?

Identify what should be built into the contract to measure and monitor the performance of the contract and contractor (e.g. KPIs, meetings, reports, reviews, inspections, surveys, etc). The mechanisms should help identify and evidence whether or not the contract outcomes are being achieved as required (i.e. to the required standard, on time and within budget).

For more information please refer to the Monitoring Performance information sheet on the [I Manage a Contract, Resources web page](#).

What are the relationship management requirements?

Good communication is the key to developing an effective relationship with any contractor. Consideration should be given to how the relationship will be managed, whether a formal communications strategy is required, whether meetings will be necessary and how feedback will be given and received. Consideration should also be given to how potential issues or disputes will be managed.

Are there any transition requirements?

Consideration should be given to the transition in and transition out requirements for the contract, which may include the development of a formal plan. Consideration should also be given to scheduling a contract management meeting as soon as

possible after the award of a contract to establish a common and clear understanding with the contractor.

For more information please refer to the Contract Transition information sheet on the [I Manage a Contract, Resources web page](#).

What are the contract administration requirements?

There are numerous administration requirements that may need to be considered, such as:

- how invoicing and payments will be handled (e.g. progress payments against milestones);
- the process for monitoring and exercising extension options;
- how contract variations will be processed;
- how insurance details will be monitored and recorded; and
- how and where contract management information will be documented and stored (e.g. hard copy file or records management system).

Best Practice

It is best practice to consider the contract management requirements during the planning phase and incorporate them in the request document rather than trying to establish how the contract will be managed after it is awarded. Once a contract is awarded, the agency is limited to negotiate only with the appointed contractor, who may or may not agree to any proposed contract management requirements. The contractor may be unwilling to accept some or all of the desired requirements, they may want to charge additional fees or they may be unable to meet the requirements (even at an additional cost). If the contract management requirements cannot be met it may impact the suitability of the contract and limit the agency's capacity to manage the contract.

Taking the time to thoroughly consider and develop the contract management requirements in the planning phase is a vital first step towards achieving contract management success.

Remember to allow plenty of time to give appropriate consideration to the contract management requirements. You may spend months developing a contract but you will likely spend years managing it.

What resources are available?

Resources that may assist in determining contract management requirements in the planning stage are:

- Risk Workbook - Template
- Monitoring Performance - Information Sheet
- Key Performance Indicators - Information Sheet
- Contract Transition - Information Sheet.
- Supplier Performance Management Framework

This information is available on the [I Manage a Contract, Resources web page](#) located on the [Department of Finance](#) website.

Checklist – Planning Contract Management Requirements

The below checklists are not exhaustive but may help in determining the contract management requirements in the procurement planning phase.

Table legend: ✓ is check, to be completed.

Contract Manager

Identify	Determine	✓
Skills, knowledge, experience and time required to manage the contract	Is it a full time or part time role, individual or team to manage, any specialist skills?	
Tasks and responsibilities (help to determine what skills, knowledge and experience may be required)	Will they attend and chair meetings, monitor payments, invoices, insurance, data, reports, milestones, disputes etc?	
Availability of contract manager/s (may also need strategy for leave coverage etc)	Availability in the planning stage, agency staff or new recruitment process required?	

Research

Identify	Determine	✓
Review previous or similar contracts	Any lessons to be learnt, what worked, what didn't, any changes, gaps or problems to be addressed?	
Identify and consult internal stakeholders	Any internal stakeholders who should have input such as legal, risk, technical, OSH, procurement, HR, contract manager?	

Risk Management

Identify	Determine	✓
Contract management risks	Contract management risks and strategies to minimise, mitigate and/or manage?	

Performance Management

Identify	Determine	✓
Consider how contract performance will be managed	Indicators of success or failure, how to measure/evidence value for money is achieved?	
Consider how contractor performance will be measured, monitored and managed	The appropriateness of KPIs, meetings, reporting, data, milestones, reviews, surveys, inspections, feedback, and evaluations?	

Relationship Management

Identify	Determine	✓
Consider how the relationship will be managed	Any transition requirements, communication strategy, feedback mechanisms, dispute resolution, and stakeholder management?	

Contract Administration

Identify	Determine	✓
Contract administration tasks	What is the process for ordering, payment, variations, extensions, monitoring insurance, reporting and meeting schedule, record keeping?	

Governance

Identify	Determine	✓
Ethics and accountability	Consider confidentiality, conflicts of interest.	
Record management and documentation	What records will be kept and in what format, contract management plan, hard copy, electronic copy, internet/intranet resources?	
Policy and legislation	Any impact of agency policies and procedures, compliance with legislation or standards, availability of contract documents?	